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Financial Report

The Work Connection, Inc.

Houma, Louisiana

June 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-15-06

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The Work Connection, Inc.

June 30, 2005

FINANCIAL SECTION

Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
The Work Connection, Inc.,
Houma, Louisiana.

We have audited the accompanying statement of financial position of The Work Connection, Inc. (the Organization), a nonprofit organization, as of June 30, 2005, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2005, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated November 3, 2005, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The budgetary information, marked "unaudited", presented on page 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on The Work Connection, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements of The Work Connection, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements for the year ended June 30, 2005 taken as a whole.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 3, 2005.

Exhibit A

STATEMENT OF FINANCIAL POSITION

The Work Connection, Inc.

June 30, 2005

Assets		
Cash	$	752
Grants receivable		85,033
Other receivables		17,947
Prepaid rent		23,457
Property and equipment, net		57,142
Total assets	$	184,331
Liabilities		
Accounts payable and accrued expenses	$	97,239
Accrued employee benefits		6,493
Deferred revenue		23,457
Total liabilities		127,189
Net Assets		
Unrestricted		-
Temporarily restricted		57,142
Total net assets		57,142
Total liabilities and net assets	$	184,331

See notes to financial statements.

Exhibit B

STATEMENT OF ACTIVITIES

The Work Connection, Inc.

For the year ended June 30, 2005

	Unrestricted	Temporarily Restricted	Total	Budget (Unaudited)	Variance Favorable (Unfavorable) (Unaudited)
Revenues, Gains and Other Support					
Government grants	$ 1,416,554	$ 2,353	$ 1,418,907	$ 2,224,258	$ (805,351)
Net assets released from restrictions:					
Satisfaction of use restrictions	23,150	(23,150)	-	-	-
Total revenues, gains and other support	1,439,704	(20,797)	1,418,907	2,224,258	(805,351)
Expenses					
Program Services:					
Adult	462,757	-	462,757	533,188	70,431
Dislocated Workers	328,549	-	328,549	461,275	132,726
Faith Based	35,159		35,159	449,997	414,838
Youth	328,415	-	328,415	499,381	170,966
STEPS	104,375	-	104,375	137,394	33,019
1% Incentive	43,451		43,451	35,923	(7,528)
15% Incentive	64,769	-	64,769	107,100	42,331
Total program services	1,367,475	-	1,367,475	2,224,258	856,783
Support Services:					
Management and general	72,229	-	72,229	-	(72,229)
Total expenses	1,439,704	-	1,439,704	2,224,258	784,554
Decrease in Net Assets	-	(20,797)	(20,797)	-	(20,797)
Net Assets					
Beginning of year	-	77,939	77,939	-	77,939
End of year	$ -	$ 57,142	$ 57,142	$ -	$ 57,142

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

The Work Connection, Inc.

For the year ended June 30, 2005

	Program Services				
	Adult	Dislocated Workers	Faith Based	Youth	STEPS Program
Salaries	$ 149,624	$ 192,124	$ -	$ 185,103	$ 96,428
Payroll taxes	11,373	14,615	672	15,008	7,376
Retirement	4,633	6,612	340	4,065	-
Employee benefits	16,383	23,519	-	34,244	625
Total salaries and related expenses	182,013	236,870	1,012	238,420	104,429
Advertising and public relations	2,266	-	-	549	-
Contract services	18,493	5,928	-	14,246	-
Depreciation	-	-	-	-	-
Equipment rentals	4,358	4,040	-	4,557	-
Equipment repairs and maintenance	3,851	4,671	-	5,265	-
Insurance	9,817	-	-	10,092	-
Membership dues and subscriptions	1,071	-	-	570	-
Miscellaneous	2,727	-	-	569	-
Occupancy	20,643	31,824	-	33,545	-
Postage and shipping	592	13	-	314	-
Professional fees	4,552	-	-	4,433	-
Participant room and board	-	1,036	-	6,275	-
Participant tuition	93,417	10,310	-	(23,656)	-
Participant child care	26,115	5,900	-	783	-
Other participant supportive services	19,839	1,184	33,500	2,074	-
Supplies	61,826	16,905	647	17,073	(126)
Telephone	2,906	4,481	-	4,996	-
Travel, meals and lodging	4,772	635	-	3,301	72
Utilities	3,499	4,752	-	5,009	-
Totals	$ 462,757	$ 328,549	$ 35,159	$ 328,415	$ 104,375

See notes to financial statements.

Program Services			Support Services	
1% Incentive	15% Incentive	Total	Management and General	Total
$ 37,270	$ 58,633	$ 719,182	$ 15,241	$ 734,423
2,847	4,476	56,367	527	56,894
1,411	2,048	19,109	212	19,321
-	-	74,771	3,136	77,907
41,528	65,157	869,429	19,116	888,545
-	-	2,815	510	3,325
-	-	38,667	-	38,667
-	-	-	23,150	23,150
-	-	12,955	32	12,987
-	-	13,787	116	13,903
-	-	19,909	12,900	32,809
-	-	1,641	794	2,435
-	-	3,296	5,373	8,669
-	-	86,012	-	86,012
-	-	919	400	1,319
-	-	8,985	4,635	13,620
-	-	7,311	-	7,311
-	-	80,071	-	80,071
-	-	32,798	-	32,798
-	-	56,597	-	56,597
1,923	(388)	97,860	551	98,411
-	-	12,383	125	12,508
-	-	8,780	4,194	12,974
-	-	13,260	333	13,593
$ 43,451	$ 64,769	$ 1,367,475	$ 72,229	$ 1,439,704

Exhibit D

STATEMENT OF CASH FLOWS

The Work Connection, Inc.

For the year ended June 30, 2005

Cash Flows from Operating Activities	
Decrease in net assets	$ (20,797)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	23,150
Decrease in assets:	
Grants receivable	4,969
Increase in assets:	
Other receivables	(6,929)
Prepaid rent	(23,457)
Decrease in liabilities:	
Accounts payable	(1,283)
Increase in liabilities:	
Accrued employee benefits	349
Deferred revenue	23,457
Total adjustments	20,256
Net cash used by operating activities	(541)
Cash Flows used in Investing Activities	
Purchases of property and equipment	(2,353)
Net Decrease in Cash	(2,894)
Cash	
Beginning of year	3,646
End of year	$ 752

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

The Work Connection, Inc.

June 30, 2005

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Organization

The Work Connection, Inc. (the Organization) was incorporated as a non-profit corporation on August 28, 1987. In accordance with the Workforce Investment Act (WIA), the Organization funds job training and other employment services in the parishes of Lafourche, Assumption and Terrebonne under grants provided by the local Workforce Investment Board (the LAT). *The Organization is funded by the LAT* as a subrecipient of Title I – B of WIA and Temporary Assistance for Needy Families/Strategies to Empower People (STEPS) grants.

b) Financial Statement Presentation

The Organization's financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization had no permanently restricted net assets at June 30, 2005.

c) Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

e) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization had no cash equivalents at June 30, 2005.

f) Bad Debts

The financial statements of the Organization contain no allowance for uncollectible receivables. Uncollectible receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. Management believes that all receivables at June 30, 2005 are collectible.

g) Property and Equipment

All acquisitions of property and equipment are purchased with grant funding through the LAT from the pass-through grantor, the State of Louisiana Department of Labor (LDOL). All property and equipment is ultimately the property of LDOL, which allows the Organization to use the property to perform necessary services. Purchased property and equipment is carried at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation, as determined by management. The policy of the Organization is to capitalize all expenditures for property and equipment in excess of $1,000. Depreciation is computed using primarily the straight-line method over estimated useful lives (two to ten years). Depreciation expense for the year ended June 30, 2005 was $23,150.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Compensated Absences

Full-time employees are entitled to earn annual vacation leave with pay upon completion of six month's employment and satisfactory completion of their initial probationary period.

The rate at which an employee accumulates vacation leave depends on years of service. In the event the Organization would not be funded in the following year. Employees would be required to exhaust their annual vacation leave prior to the end of the funding year. The total amount of accrued accumulated vacation leave at June 30, 2005 was $9,572.

Sick leave accrues at a rate of five hours per month. Employees shall be allowed to carry accumulated sick leave forward from one program year to the next, not to exceed 80 hours. In no instance shall any employee receive wages for sick leave upon termination of employment.

i) Functional Expenses

The costs of providing various services and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses in accordance with cost reporting regulations of the State of Louisiana Department of Labor. Accordingly, certain costs have been allocated among the services and activities benefited.

j) Income Taxes

The Organization is a non-profit organization and is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. Therefore, no provisions for income taxes have been made.

Note 2 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are restricted by donors for specific purposes or for use in subsequent periods. As June 30, 2005, temporarily restricted net assets include $57,142 for the use of property and equipment.

Note 3 - PROPERTY AND EQUIPMENT

At June 30, 2005, property and equipment consist of the following:

Transportation equipment	$ 45,565
Office furniture and equipment	79,650
	125,215
Less: accumulated depreciation	(68,073)
Property and equipment, net	$ 57,142

Note 4 - OPERATING BUDGETARY DATA

The Organization is a non-profit organization which is not legally required to adopt budgets. The Organization's funding is from intergovernmental grants from the Federal and State of Louisiana Department of Labor paid as pass-through grants from the LAT. The Organization signed a contract with the LAT which required an operating budget in the amount of $2,224,258, which is presented in Exhibit B. All budgeted amounts which were not expended, or obligated through contracts, lapse at year end.

Note 5 - *ECONOMIC DEPENDENCY*

As described above, the Organization receives its revenue from Federal grant funding passed through the State of Louisiana Department of Labor and the LAT. The grant amounts are appropriated each year by Federal, state, and local governments. The State of Louisiana incurred significant losses as a result of Hurricanes Katrina and Rita in August and September 2005. Hurricane relief and recovery efforts have stretched the State's finances and increased the likelihood of cuts in the Organization's future funding from the State. If significant budget cuts are made at the Federal, state and local government levels, the amount of funds that the Organization receives could be reduced significantly and have an adverse impact on its operations. Management is not able to estimate at this time the amount of funds that the Organization will receive from future state funding. However, management believes that it will receive sufficient funds to avoid a material impact on the Organization's future operations.

Note 6 - PENSION PLAN

The Organization established a 401(k) retirement plan to provide benefits to all permanent full-time employees having completed at least one year of service. Participants are permitted to contribute in any amount up to 15% of their compensation not to exceed statutory limits. The Organization matches 100% of the employee contributions not to exceed 5% of the employee's compensation. The Organization's contributions for the year ended June 30, 2005 were $19,321.

Note 7 - RISK MANAGEMENT

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2005.

Note 8 - OFFICE LEASE

During June 2004, the Organization signed a thirty-six (36) month operating lease for office space in Thibodaux, Louisiana for $3,000 a month. The rental period for the lease commences July 1. Commitments under the lease as follows:

Year	Amount
2006	36,000
2007	36,000
Total	$ 72,000

The remaining two offices are rented on a month-to-month basis. Rental expenditures incurred on all offices, including the above lease, amounted to $86,012 during the year ended June 30, 2005.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

Bourgeois Bennett

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors,
The Work Connection, Inc.,
Houma, Louisiana.

We have audited the financial statements of The Work Connection, Inc., (the Organization), as of and for the year ended June 30, 2005, and have issued our report thereon dated November 3, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could

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have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Audit Standards.

We noted certain matters that we reported to management of the Work Connection, Inc. in a separate letter dated November 3, 2005.

This report is intended for the information and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana and various federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 3, 2005.

Bourgeois Bennett

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors,
The Work Connection, Inc.,
Houma, Louisiana.

Compliance

We have audited the compliance of The Work Connection, Inc., (the Organization), a nonprofit organization with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

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Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Directors, management, the State of Louisiana, the Legislative Auditor for the State of Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 3, 2005.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Work Connection, Inc.

For the year ended June 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Award/ Pass-Through Entity Identifying Number	Federal Expenditures
Department of Labor			
Pass-Through Payments:			
Louisiana Department of Labor:			
LAT Workforce Investment Board, Inc.:			
WIA Adult Program	17.258	OCR# 474-000559	$ 467,466
WIA Youth Activities	17.259	OCR# 474-000559	328,415
WIA Dislocated Workers	17.260	OCR# 474-000559	357,008
Strategies to Empower People (STEPS)	93.558	OCR# 474-401318	111,485
1% Incentive	17.258	OCR# 474-000559	45,804
15% Incentive	17.258	OCR# 474-000559	64,769
United States Department of Labor			
Faith Based	17.257		43,960
Total			$ 1,418,907

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Work Connection, Inc.

June 30, 2005

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The Work Connection, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - RECONCILIATION TO FINANCIAL STATEMENTS

Total federal expenditures for the year ended June 30, 2005 reconciles to the Organization's financial statements for the year ended June 30, 2005 as follows:

Total federal expenditures	$1,418,907
Capital expenditures for the purchase of capitalized property and equipment	(2,353)
Depreciation of capitalized property and equipment	23,150
Total expenses	$1,439,704

Note 3 - FINDINGS OF NONCOMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE

There were no federal award findings or questioned costs reported during the audit for the year ended June 30, 2005.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

The Work Connection, Inc.

For the year ended June 30, 2005

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

▪ Material weakness(es) identified?	___ yes	_X_ no
▪ Reportable condition(s) identified that are not considered to be material weaknesses?	___ yes	_X_ none reported
Noncompliance material to financial statements noted?	___ yes	_X_ no

b) Federal Awards

Internal control over major programs:

▪ Material weakness(es) identified?	___ yes	_X_ no
▪ Reportable condition(s) identified that are not considered to be material weaknesses?	___ yes	_X_ none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	___ yes	_X_ no

c) Identification of Major Programs:

CFDA Number(s)	Name of Federal Program
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Work Connection, Inc.

For the year ended June 30, 2005

Section I Summary of Auditor's Results (Continued)

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee?	___ yes _X_ no

Section II Financial Statement Findings

No financial statement findings were noted during the audit of the financial statements for the year ended June 30, 2005.

Section III Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2005.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

The Work Connection, Inc.

For the year ended June 30, 2005

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit of the financial statements for the year ended June 30, 2004.

No reportable conditions were noted during the audit of the financial statements for the year ended June 30, 2004.

Compliance

No compliance findings material to the financial statements were noted during the audit of the financial statements for the year ended June 30, 2004.

Section II Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2004.

Section III Management Letter

04 – 1 **Recommendation** – Controls should be established which allow for accurate financial reports to be prepared which reflect all revenues earned and expenses incurred for the period being reported with a comparison to the Organization's adopted budget. The Board should be furnished with these monthly financial reports and they should review and approve those financial reports at its monthly meetings. The accounting staff should continue to post cash receipts and cash disbursements, however, reconciliations of significant balance sheet accounts should be prepared to ensure accurate monthly financial statements.

Management's Corrective Action – Financial statements are being provided by Management that are generated from the general ledger and produced in Excel with budget to actual comparisons. These more accurate financial reports are approved by the Board at the quarterly meetings. Resolved

MANAGEMENT'S CORRECTIVE ACTION PLAN

The Work Connection, Inc.

For the year ended June 30, 2005

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were noted during the audit of financial statements for the year ended June 30, 2005.

No reportable conditions were reported during the audit of the financial statements for the year ended June 30, 2005.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 2005.

Section II Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2005.

Section III Management Letter

05 – 1 **Recommendation** – Office rent should only be included in drawdowns not exceeding one month from the first day of the rental period.

Management's Corrective Action – Management will not include office rent in drawdowns not exceeding one month from the first day of the rental period.

05 – 2 **Recommendation** – Management should follow up on each travel advance given to employees with in two weeks of the travel. An expense report should be obtained with documentation for the expenses incurred while traveling.

Management's Corrective Action – Management will follow up with employees on all open travel advances. Management will obtain expense reports for the travel advances received by the employees shortly after the travel has occurred.

Bourgeois Bennett

To the Board of Directors
The Work Connection, Inc.,
Houma, Louisiana.

We have audited the basic financial statements of The Work Connection, Inc. (the Organization), as of and for the year ended June 30, 2005, and have issued our report thereon dated November 3, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. In planning and performing our audit, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters, which represents immaterial internal control findings. The memorandum that accompanies this letter summarizes our suggestions and recommendations regarding these matters. We previously reported on the Organization's internal control in our report dated November 3, 2005. This letter does not affect our report dated November 3, 2005 on the basic financial statements of the Organization.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and recommendations with the Organization, and we will be pleased to discuss them in further detail at your convenience, to perform an additional study of the matter or to assist you in implementing the recommendations.

Sincerely,

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 3, 2005.

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MANAGEMENT COMMENTS

The Work Connection, Inc

For the year ended June 30, 2005

05 - 1 **Criteria** – Basic cost principle guidelines state that to be allowable under Federal awards, costs should be necessary and reasonable for proper and efficient performance and administration of Federal awards.

Condition – As of June 30, 2005 management elected to pre-pay the expenditure for office rent for the months of August and September.

Context – These were isolated payments made shortly prior to June 30, 2005.

Effect – The Board prematurely drew down $15,650 for these pre-payments of office rents.

Cause –August and September office rent were included in June 2005 grant drawdown.

Recommendation – Office rent should only be included in drawdowns not exceeding one month from the first day of the rental period.

05 - 2 **Criteria** – In determining reasonableness of a particular cost, that cost should not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

Condition – Travel advances in the amount of $9,148 were given to employees in the prior year and current year; however, expenditure allocations of these advances have not been made as of June 30, 2005.

Context – This is an isolated instance confined to the payments of travel advances to employees.

Effect – Travel costs are being incurred and are not being charged timely to the program incurring the cost.

Cause – Management is not following up on resolution of the travel advances after the travel has been incurred.

Recommendation – Management should follow up on each travel advance given to employees within two weeks of the travel. An expense report should be obtained with documentation for the expenses incurred while traveling.